

Texas Regional Haze Status Update

July 7, 2017

Background: EPA has a September 9, 2017 consent decree deadline to either issue a FIP or approve a SIP addressing BART for Electrical Generating Units and the Clean Air Act's visibility transport requirements. In December 2016, EPA proposed a FIP that provided source by source BART determinations for SO₂ and PM and relied on CSAPR better than BART to address NO_x BART. We received extensive comment on this FIP including from TCEQ.

EPA and Texas have been working closely together to determine if there is a mutually agreeable approach to address BART. Based on those discussions, we have agreed on the follow approach.

EPA would finalize a FIP by September 9, 2017 to address BART and Visibility transport.

Texas would work during 2018 to replace that FIP with a SIP revision.

The goal would be for the transition from the FIP to the SIP to be as seamless as possible.

The FIP would consist of:

- 1) An intrastate trading program for SO₂ that tentatively includes all BART eligible coal fired plants, sources that EPA has previously identified as having significant visibility impacts in our reasonable progress FIP (we took a voluntary remand on this action) non BART eligible units that are located at BART eligible sources and two additional non BART sources that have been shown to have significant impacts.
 - Such a program would include 92% of the emissions covered by CSAPR.
 - Each source would get the same allowances as CSAPR provided.
- 2) The FIP would rely on the CSAPR ozone season NO_x to address NO_x BART.
- 3) The FIP would address Fuel oil burning gas units not located at BART eligible units with source specific limits that lock in the current fuel sulfur content (same as the proposal.)
- 4) We would be able to approve sources as screening out of BART for those included in the trading program.

This FIP would essentially lock in the reductions that have already occurred in Texas due CAIR, MATS and inexpensive natural gas.

The FIP would rely on rationale that it covers almost all of the emissions covered by CSAPR and covers all of the sources important to impairment. Therefore, the CSAPR better than BART analysis is valid for this analysis.

The FIP also achieves substantially the same reductions as the surrounding states expected in the development of their Regional Haze SIPs. So the FIP would address visibility transport as well.

Status:

TCEQ has contacted all of the sources and almost all have agreed to participate.

TCEQ is waiting to hear back from representatives of Oklaunion, CPS and NRG.

LCRA is willing to participate but wants us to find that the source screens out of BART in return. Though the facility's SO2 emissions are well controlled, our modeling shows that with the remaining NOx emissions, the facility still has more than a 0.5 deciview impact. We have told the company that it our intention to not make a determination that any EGU is subject or not subject to BART but rather just rely on the fact that all BART eligible EGU's are covered by the program in our Better than BART analysis. The company is considering this but has not committed.

We have drafted rules for the the trading program and have shared them with CAMD, OGC and OAQPS. We have also shared them with TCEQ

These rules follow CSAPR as closely as possible.

We are well along in the development of a FR and response to comments for this action. We are developing the action in sharepoint and OGC and OAQPS have access to review and add to as we go.

Next Steps:

Our goal is to have a complete draft by July 11 to complete Region 6 review and provide plenty of time for Administrator's office review.

On July 12, we will meet with TCEQ and impacted industry representatives to go over the plan and approach.

Mid July: Receive letters from Texas clarifying intent.

July 19? Administrator meets with Chairman of TCEQ to discuss approach.

August 1: Complete Region 6 review and submit to administer office.

On or Before September 9: Administrator signs CSAPR remand rule.

September 9: Administrator Signs FIP.

Issues that need to be resolved:

- 1) Are we going to ask for an extensions of September 9 date?
- 2) Need to lock down list of sources for Cap.
- 3) Need to lock down how many allowances to hold in a reserve pool for use for emergencies.

